

EXECUTIVE SUMMARY

INTRODUCTION

New Yorkers want access to energy supplies that are competitively priced and reliable. To help ensure this, the New York State Energy Planning Board, through adoption of this State Energy Plan, positions the State to maximize the use of clean and efficient energy and transportation technologies that can meet the State's growing demand for energy, provides for the safe and secure operation of the State's energy and transportation systems, and supports the continued development of competitive energy markets. The energy policies and strategies contained in this State Energy Plan (Energy Plan) are designed to keep New York at the forefront among states in providing its citizens with abundant, competitively priced, clean, and efficient energy resources.

New York is leading the nation in energy research and development and is poised to take advantage of technological developments among the most advanced uses of energy and to attract energy technology and component manufacturing industries to the Empire State. The State is also leading the nation in adopting flexible, yet stringent, environmental policies that balance the need for more energy with the need for improved public health and safety. The Energy Plan supports increased energy diversity, with greater emphasis on renewable energy development and improved energy efficiency, and innovations in regulatory policies that encourage and support development of competitive energy markets. Through the integration of energy, environmental, and transportation planning, the Energy Plan promotes transportation systems that are energy-efficient and environmentally sensitive.

Providing a secure and well-maintained energy infrastructure while ensuring adequate energy supplies is critical to the State's economy. New Yorkers spent \$38 billion on energy in 2000 to support the State's economy and residents, including its industrial processes, commerce, services, transportation, lighting, heating, and cooling. The State's economic resurgence and expanding employment since 1998 resulted in larger than anticipated increases in energy demand, particularly for electricity. In turn, this growth has hastened the State's need for new energy resources and enhanced delivery capability. Further, in light of the recent terrorist attacks in New York and Washington, D.C., and continuing threats of attack, the State is working closely with the Federal government to protect the State's energy and transportation infrastructures against future terrorist attacks or acts of war.

The Energy Planning Board's vision for New York's future is one in which possibilities are realized for developing a world-class and sustainable renewable-based energy economy. New York will continue to lead by example, demonstrating new energy and transportation technologies, supporting infrastructure maintenance and enhanced capability, and promoting smart economic growth.

SUMMARY OF MAJOR RECOMMENDATIONS

The Energy Plan presents a balanced approach to meeting the State's energy needs, considering the role of new energy resources, an enhanced energy distribution infrastructure, and improved environmental protection. As a result, the Energy Plan reduces the economic and social risks associated with energy supply disruptions and price volatility. Moreover, the balanced portfolio of energy resources envisioned in the Energy Plan provides greater economic development opportunities within the State, particularly in the development of indigenous renewable energy resources and greater energy service reliability. Applying this same concept to the transportation sector, the Energy Plan's balanced approach incorporates environmentally-sound and energy-efficient strategies for new and innovative transportation applications and services, improving transportation efficiency and demand management, and enhanced transportation diversity (*i.e.*, different modes of transportation).

The Energy Plan provides broad statewide energy policy direction to guide State agencies, Boards, Commissions, and Authorities in their decision making. As energy markets continue to develop and new energy resources and services become available, new policies might be warranted. Nonetheless, given the State's current energy situation and vision for the future, the Energy Planning Board adopts the following public policy objectives:

- Supporting the continued safe, secure, and reliable operation of the State's energy and transportation systems infrastructures;
- 2. Stimulating sustainable economic growth, technological innovation, and job growth in the State's energy and transportation sectors, through competitive market development and government support;
- 3. Increasing energy diversity in all sectors of the State's economy through greater use of energy efficiency technologies, and alternative energy resources, including renewable-based energy;

4. Promoting and achieving a cleaner and healthier environment; and,
5. Ensuring fairness, equity, and consumer protections in an increasingly competitive market economy.

To meet these public policy objectives, State policies must be balanced and based on long-term strategies that encourage and support development and use of new, cleaner technologies, more efficient energy-using practices, and improved transportation, energy production, and delivery systems. The energy policies and long-range planning strategies contained in the Energy Plan are designed to ensure that New York's energy needs are met by encouraging competition while ensuring fairness and equity, ensuring mobility, ensuring system reliability, and improving the State's environment.

As energy demand increases, the effects of energy production and use on natural resources require that the State consider the implications of energy decisions on the State's environment and health and safety of its residents. The Energy Plan balances the need for new energy supplies and investments in critical energy infrastructures with the need to protect the State's environment and public health. It also takes into consideration the significant changes that are transforming New York's energy markets to some of the most competitive and innovative in the nation. Finally, the Energy Plan provides strategic direction and policy guidance to foster further collaboration on the State's energy, environmental, transportation, and economic development activities.

A summary of major policy strategies and recommendations follow.

The State adopts the goal of reducing primary energy use per unit of Gross State Product (GSP) 25% below the 1990 level of energy use, by 2010.

2. The State adopts the goal of increasing renewable energy use as a percentage of primary energy use 50%, from 10% of primary energy use currently, to 15% by 2020.
3. The State adopts the goal of reducing greenhouse gas emissions 5% below 1990 levels by 2010, and 10% below 1990 levels by 2020.
4. The State will continue its study of the security of New York's energy infrastructure used for production, storage, and delivery. The study will include a risk and vulnerabilities assessment and recommendations for appropriate actions and will be conducted cooperatively by the Office of Public Security, the

appropriate Energy Planning Board agencies, and major energy market participants, in cooperation with appropriate federal agencies.

- 5 The State supports significantly increasing energy resource diversity in electricity generation and transportation through increased reliance on indigenous, renewable, energy efficiency, and demand management resources. The State will support greater energy diversity through investments in technology and infrastructure development for indigenous and renewable fuels, demand reduction techniques, and energy efficiency. In addition, the State supports the continued safe operation of nuclear, coal, natural gas, oil, and hydroelectric generation as part of a diverse portfolio of electricity generation resources.
- 6 The State supports the development of additional energy supplies and demand reductions, and infrastructure to meet the State's energy needs.
- 7 The State will continue its efforts to reduce traffic congestion and delays and increase energy efficiency in transportation through a complement of actions that include supporting public transit, transportation management, intelligent transportation systems, and capital construction.
- 8 The State should reauthorize Public Service Law (PSL) Article X, scheduled to expire on January 1, 2003, relating to the siting of new major electric generating facilities.
- 9 The State should reauthorize Article 6 of the Energy Law, for statewide energy planning, scheduled to expire on January 1, 2003.
- 10 The State will continue to work expeditiously toward establishing a regional common market for electricity.
- 11 The State supports expanding bio-fuels research and development activities, with the goal of creating a self-sustaining private sector bio-fuels industry in the State within 5 to 10 years.
- 12 The State supports the development and use of distributed generation (DG) and combined heat and power (CHP) technologies at customer sites, with the goal of becoming a national leader in the deployment of clean, distributed generation technology.
- 13 The State encourages the Federal government to adopt new corporate average fuel economy standards for vehicles to address vehicle energy efficiency in a way that protects driver and passenger safety.

14. The State will review forthcoming recommendations from the Department of Environmental Conservation's Environmental Justice Advisory Group and implement appropriate recommendations in a timely manner.
15. The State will continue to strive to reduce energy costs for all New Yorkers with the expectation of narrowing the disparities between New York's costs and costs in other States and regions of the country.

ORGANIZATION

The Energy Plan is organized as follows:

- Section 1 Executive Summary, Preface, Energy Plan Findings and Conclusions, and Energy Policy Objectives and Recommendations.
 - Section 2 Analyses of the energy related issues that the Planning Board identified for inclusion in the Energy Plan.
 - Section 3 Assessments of the State's energy markets and infrastructures, including forecasts of energy demand, prices, and supplies, and assessments of energy efficiency and renewable energy resources.
 - Section 4 Compliance with the State Environmental Quality Review Act (SEQRA)
- Response to Comments (under separate cover) received in public hearings and written comments on the Draft Energy Plan.